



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

Bulletin No. 8 of 2016
June 7, 2016
Computerized Database System Assessment Roll

TO: Assessors, Equalization Directors and Interested Parties

FROM: The State Tax Commission

SUBJECT: Use of a Computerized Database System as an Assessment Roll

Bulletin 10 of 2002, which relates to the use of a Computerized Tax Roll is not affected and remains in effect.

A. ASSESSMENT ROLL:

Public Act 25 of 2016 permits local tax collecting units to use a computerized database system as the assessment roll ("computerized assessment roll") required by the General Property Tax Act beginning with the 2017 assessment roll. This use is **only** permitted when the system and the procedures that are followed adhere to the requirements of the Act. This use is not permitted unless the assessor of the local tax collecting unit and the local tax collecting unit itself provide certain certifications to the State Tax Commission relating to the computerized database system in a format that has been approved for use by the State Tax Commission as being in conformance to the requirements of the Act. The Act provides separate responsibilities for assessors and the local tax collecting unit.

Assessor Responsibilities

- The assessor shall certify the assessment roll and maintain a computer printed format or a disk, external drive, or other electronic data processing format compatible with the computer system used by the local tax collecting unit.
- The affidavit attached to or included with the assessment roll shall include documentation that the assessment roll has been backed up through a computer backup system and a sworn statement by the assessor that the backup system contains a true and complete record of the assessment roll.
- The affidavit attached to or included with the assessment roll shall include documentation that authorizes and reports all changes in the assessment roll as certified by the assessor.

Township Responsibilities

- The local tax collecting unit shall certify and maintain a retention policy that complies with the requirements of Section 5 of P.A. 271 of 1913, MCL 399.5, and Section 491 of the Michigan Penal Code, P.A. 328 of 1931, MCL 750.491.
- The computerized database system has internal and external security procedures sufficient to assure the integrity of the system.

The law regarding the approval of a computerized assessment roll affects only those units who wish to maintain their assessment rolls utilizing a computer database system rather than a printed copy.

Public Act 25 of 2016 does not eliminate the requirement for the assessment roll to be available to public inspection. It does, however, clarify that providing a computer terminal for public viewing of the assessment roll is considered as having the assessment roll available for public inspection.

Requesting Approval:

A local tax collecting unit may obtain permission for use of a computerized assessment roll by filing Form 5446, *Request for New Certification for Use of a Computerized Assessment Roll by a Local Unit*. The request must include the affirmation that all requirements of MCL 211.20(2) are met as well as provide all required documentation listed on the Form for it to be considered. In order to be processed timely, Form 5446 must be received by the State Tax Commission no later than October 31 of the year prior to the year in which the computerized assessment roll will be used. Approvals are granted by the State Tax Commission for a period of three years. To continue using a computerized assessment roll, local units and assessors must request recertification in the third year of the approval.

MCL 211.20(2)(f) requires a local tax collecting unit recertify with the State Tax Commission that the requirements of the section are being met. Recertification must be requested prior to May 1 during the third year of the approval, and must continue to be requested every three years thereafter. Recertification is requested by filing Form 5445, *Request for Recertification for Use of a Computerized Assessment Roll by a Local Unit* with the State Tax Commission.

If at any time the State Tax Commission believes that a local tax collecting unit is no longer in compliance, the State Tax Commission shall provide written notice to that local tax collecting unit. The notice shall specify the reasons that use of the computerized database system is no longer in compliance. The local tax collecting unit will have not less than 60-days to provide evidence that the unit is in compliance or that action to correct noncompliance has been implemented. If, after the expiration of 60-days, the State Tax Commission believes that the local tax collecting unit is not taking satisfactory steps to correct a condition of noncompliance, the State Tax Commission may withdraw approval of the use of the computerized database system as the original assessment roll.

B. ASSESSMENT ROLL CHANGES:

After the close of the March Board of Review the “original assessment roll” may be revised/amended/changed only to reflect actions as authorized by the July/December Board of Review, the Michigan Tax Tribunal, the State Tax Commission or a court of jurisdiction. At any time, the local unit shall be able to electronically produce an L-4022 that shows both the assessment data contained on the original roll which the assessor submitted to the March Board of Review and all subsequent changes made by the March Board of Review, by the July/December Board of Review, by the State Tax Commission, by the Michigan Tax Tribunal, by a court of competent jurisdiction, or by the assessor pursuant to statutory authority.

If a local unit elects to utilize a duplicate “paper copy/hard copy” assessment roll for general public inspection use only, that duplicate roll shall be reflective of any and all changes authorized by the July/December Board of Review, the Michigan Tax Tribunal, the State Tax Commission, by a court of jurisdiction or by the assessor pursuant to statutory authority. Further, if a local unit elects to provide a “read only” terminal, the electronic assessment roll database displayed must be reflective of any and all changes authorized by the July/December Board of Review, the Michigan Tax Tribunal, the State Tax Commission, by a court of jurisdiction or by the assessor pursuant to statutory authorization. A local unit, when requested, must be able to produce a detailed listing of any and all changes that were authorized since the original certification by the assessing officer.

C. APPRAISAL RECORD CARDS:

The assessor is not required to maintain a current “paper copy/hard copy” of each appraisal record card provided that appropriate security procedures are followed. The following are additional requirements of the State Tax Commission:

- No matter which format is used, whether it be a “paper copy/hard copy” format or electronic/magnetic media format, the appraisal record must properly support the true cash value calculations used to establish the assessed valuation of each individual property listed on the local unit’s current assessment roll.
- The assessor must utilize the base cost tables/schedules from Assessor’s Manual Volumes I and II as approved by the State Tax Commission, with their latest supplements, as prepared or approved by the State Tax Commission or the “Marshall Valuation Service” for commercial and industrial real property as a guide in preparing assessments. It is acceptable to use a computerized appraisal schedule, based on the official Michigan Assessor’s Manual, in preparing assessments.
- No matter which format is used, whether it be a “paper copy/hard copy” format or electronic/magnetic media format, the local unit shall be required to make available, during customary business hours, a current “paper copy” of any and all appraisal record cards on file or stored within the assessment administration database.

- The local unit must have the capability to suppress any and all confidential information that may have been obtained through the use of real property statements and/or personal property statements or other confidential information subject to Michigan statute outside the parameters of the General Property Tax Act.

D. CERTAIN REQUIRED STATE TAX COMMISSION FORMS:

A local unit is permitted to file electronic/magnetic media versions of the following STC forms and documents with the county equalization department provided that the local unit's system is compatible (as determined by the Equalization Director) with that of the county:

1. STC Form L-4021 (Assessment Roll Changes Work Sheet)
2. STC Form L-4022 (Report of Assessment Roll Changes and Classification)
3. STC Form L-4025 (Report of Taxable Valuations)
4. Current Tax Year Assessment Roll Database

Electronic versions of items 1, 2, and 3 above must match the format of the form as established by the STC. If electronic versions of these forms are used, the same record retention periods apply to them that now apply to hard copy forms.

Important: A signed original paper or electronic copy of STC Form L-4022 must still be timely sent to the State Tax Commission.

E. REQUIRED SECURITY PROCEDURES:

The State Tax Commission recognizes that the use of electronic/magnetic media records in lieu of "paper copy/hard copy" records is only as good as are the measures that protect the informational database. Under Michigan law the responsibility for assuring that required assessment records remain available for their full retention period lies with the custodian of the record. Therefore, a local unit which relies on electronic media must have a security system that protects the database from corruption from both internal and external forces. A local unit must also provide for and establish security procedures. As part of the security system, a local unit must have the ability to produce, a complete parcel/sale record database if required to do so. Additionally, the local unit must produce, retain, and keep available, a complete backup copy of the assessment administration program as of the close of State Equalization. (This is necessary because occasionally, program updates cause changes in values in the assessment record database.) This backup copy must reflect any and all changes as a result of the equalization process, including changes for the calculation of capped and taxable valuations for each individual property. This backup database must be stored at a separate secure location and must remain readable even if there is a change in software and/or hardware.

F. RETENTION ISSUES:

Although the General Property Tax Act provides that electronic assessment rolls and other permitted records may be used as collection and accounting tools, the State Tax Commission reminds assessors that Michigan law (MCL 399.5 and 750.491) requires that all public records be kept in accordance to a retention schedule for administrative, legal, fiscal, and historical purposes. Electronic records are particularly vulnerable to rapid changes in technology, including the evolution of storage media, software, and hardware. It is recommended that all local tax collecting units discuss retention requirements with their technology providers and legal counsel.